

The University of Houston's vice president for administration and finance, Carl Carlucci, answers questions from KUHF Education Reporter Laura Isensee about how the university handles financial aid and student complaints about its outside vendor, Higher One.

**Q: Generally speaking, why does the University of Houston contract with an outside company to distribute student financial aid? What benefit does the University see?**

A: This is basically a financial service, a banking service. We reject the idea that the UHS [University of Houston System] or UH should run our own "bank." The myth is that then we could provide the service for free. Setting up debit cards and ATM networks is beyond our abilities. So we have to contract with a financial institution that can provide the service.

This is not a great solution and some firms may have taken advantage of students in the past. Our preference, our goal with our new contract, is that during admissions and /or orientation, we will campaign to get students to bring their own bank to campus. If they do this, students' financial aid refund can be electronically deposited right into their accounts and their own bank can provide withdrawal services. The problem is that less than half of our students sign up their own bank. While we believe this is the best solution for the university and for students, they still have to deal with a bank and even their own bank would charge them fees for service. This would not be a free service. Some students do have their parent's account covering them and they get better rates.

**Q: Does the University make money or save money on this service? If so, how much?**

A: UH saves money by not having to operate a banking service. UH alone processes 70,000 financial aid transactions a year. Our job is to get the money awarded to students so that they can pay their bills and have access to the funds as quickly and efficiently as possible. Our biggest concern is the ability of a vendor to provide services that operate seamlessly with our internal systems. If we don't get the money into the students account quickly and with a minimum of problems, nothing else matters. We routinely ask our vendors to offer student scholarships as part of our relationship. We will not be asking for or expecting any direct payments to UH other than scholarships.

**Q: Students have complained about being charged fees to use their financial aid refund cards and the Student Government passed a "no confidence in Higher One" bill. Any comment?**

A: I met with the SGA [Student Government Association] President and VP recently. They were on the selection committee for our new vendor. I reviewed with them the rates and terms we are trying to secure. They complained specifically about the debit card fees. We are negotiating to reduce transactions fees, but no bank offers a free service. Also, we want any vendor we use to educate students to sign the receipt and not to use a pin number which creates a charge.

We repeated our preference that students bring their own banking relationship from home. SGA wants a bank on campus to promote itself to students and provide services to students. They suggested that a bank should do this with no fees. They complained that the bank that is on campus, with which we have no financial relationship other than renting them space, does not promote their services to students or offer special student accounts.

**Q: Do you have any concerns about aggressive marketing to students via emails and letters that could be inferred as alleging students *have* to open an account through Higher One?**

A: Realizing that SGA wants banks to market themselves on campus, we oppose such marketing. For the vendor we select, the RFP specifically states that they cannot present their card service as if it is our ID card. (UHD will drop their uses of the card as ID.) We plan to use our student orientation to conduct a campaign, bring your own bank to campus. The vendor we select will also be required to provide information on this in their mailing to students.